

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6558

Petition of Comcast Business Communications,)
Inc. for Approval of an Indirect Transfer of Control)

Order entered: 10/22/2001

I. INTRODUCTION

This case involves a Telecommunications Merger and or Acquisition Request for Approval Form ("Petition") filed on September 4, 2001, by Comcast Business Communications, Inc. ("CBC" or "Petitioner"), seeking Vermont Public Service Board ("Board") approval under 30 V.S.A. § 107, for approval of an indirect transfer of control that will result from an internal transfer of stock between wholly-owned subsidiaries of the same parent corporation.

On October 5, 2001, the Vermont Department of Public Service ("Department") submitted a letter to the Board indicating that the Department had no objection to the transfer of control. The Department noted that the transaction would be transparent to Vermont consumers and would not involve a change in the management or services of CBC. Further, the Department also had no objection to the issuance of an order without hearing or further investigation, as provided under 30 V.S.A. § 107.

II. FINDINGS OF FACT

Based upon the petition and accompanying documents, the Board makes the following findings of fact.

1. CBC received a Certificate of Public Good (CPG No. 413) on August 7, 1998, to provide telecommunications services in Vermont. Comcast Telephony Communications, Inc. ("CTC"), CBC's immediate parent corporation, is in turn a wholly-owned subsidiary of Comcast Corporation. CTC and Comcast Corp. are not authorized to provide telecommunications services in Vermont. Petition at 1-2 and Exhibit A.

2. Under the proposed transaction, a holding company, Comcast Business Communications Holdings, Inc. ("Holdings") will be created by Comcast Corp. Comcast Corp will then contribute its

stock in Holdings to CTC, thus making Holdings a direct subsidiary of CTC. CTC will then contribute its shares of CBC to Holdings, thus making Holdings the direct parent of CBC. Following the transaction, CBC will continue to operate in all respects as it currently operates, pursuant to existing operating authority. Neither the name of nor the terms and conditions of service offered by CBC will be affected by the transaction. Petition at 2-3.

3. Completion of the proposed transaction will promote the public interest in that it will indirectly promote competition among telecommunications providers by providing CBC with the ability to arrange its ownership in the manner it deems appropriate, thus strengthening its competitive position and enabling it to pursue marketing and business plans more effectively. Petition at 5.

III. CONCLUSIONS OF LAW AND DISCUSSION

The proposed transaction requires Board approval under 30 V.S.A. § 107, which applies to a direct or indirect acquisition of a controlling interest in a Vermont utility.¹ Under Section 107, a "controlling interest" is defined as 10% or more of the outstanding voting securities of a company. Section 107 requires a finding that the transfer of control will promote the public good. This standard is met in this case. The proposed transaction will promote the public good, because the transfer of control of CBC will allow it to arrange its ownership in the manner it deems appropriate, thus allowing it to operate in a more flexible manner. In the competitive arena of telecommunications, the overall effect of this transfer may promote more customer choice in terms of services, with stronger competitors in the Vermont telecommunications market. It should also be noted that the transfer of control will not have an adverse impact on Vermont consumers as CBC will continue to operate according to its present authority.

For all of the above reasons, the proposed transfer of control of CBC should be approved.

1. Approval under 30 V.S.A. §§ 231 and 311 is not required because the current holder of the Certificate of Public Good will continue to be the entities providing telecommunications service in Vermont.

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The transfer of control of Comcast Business Communications, Inc., is approved.
2. Petitioner shall file a letter notifying the Board of the completion of the transaction within one week of such completion.

DATED at Montpelier, Vermont, this 22nd day of October, 2001.

<u>s/Michael H. Dworkin</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

Filed: October 22, 2001

Attest: s/Susan M. Hudson

Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any technical errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us).

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.